



**528 PlumStreet, Suite 200  
Syracuse, NY 13204**

**Telephone: 315-434-5597  
Facsimile: 315-434-5598**

**[www.adirondackadvisors.com](http://www.adirondackadvisors.com)**

**March 17, 2022**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Adirondack Capital Advisors, LLC. If you have any questions about the contents of this brochure, contact us at 315-434-5597. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Adirondack Capital Advisors, LLC (CRD No. 133305) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Adirondack Capital Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment dated February 12, 2021, we have the following material change to report:

- An acknowledgement of fiduciary status required under PTE 2020-02 has been added to Item 4 of the ADV Part 2A. Please refer to Item 4 for additional information on this topic.

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## **Item 4 Advisory Business**

### **Description of Firm**

Adirondack Capital Advisors, LLC is a registered investment adviser with the United States Securities and Exchange Commission. We are based in Syracuse, New York. We are organized as a limited liability company under the laws of the State of New York and have been providing investment advisory services since 2003. Patrick J. Dooley and Christopher W. Berg are our principal owners.

As used in this brochure, the words "Adirondack", "we," "our," "firm," and "us" refer to Adirondack Capital Advisors, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person used throughout this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We are a fee-only investment adviser. Fee-only means we are paid exclusively by our clients and the amounts of all such compensation are fully disclosed to clients in writing. We do not sell products and we do not receive commissions or other remuneration from any source. We do not receive soft dollar compensation or commissions from any outside party. This fee-only arrangement enables our firm to act solely in our clients' best interests; there is no financial incentive, hidden or otherwise, for our firm to operate in any other manner.

We provide our clients with a wide range of investment advisory services through our investment management programs, including financial planning and counseling, discretionary and non-discretionary portfolio management, retirement plan, and advisory consulting services and selection of other advisers. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services based on an analysis of your financial situation and individualized needs.

### **Financial Planning & Counseling Services**

We provide financial planning services including retirement planning, estate planning, college planning, cash flow and debt management, and employment benefits.

When discussed and mutually agreed upon by Adirondack and the client, we will provide Financial Planning & Counseling Services regarding the management of the client's financial resources, based upon an analysis of the individual client's needs. The services range from comprehensive financial planning to more focused consultations, depending on the needs of each client. Generally, Adirondack conducts a complimentary initial consultation where pertinent information about the client's financial circumstances and objectives is collected. For more comprehensive services, the Firm reviews and analyzes the information provided by the client and then typically offers a written financial plan containing recommendations designed with the intention of achieving the client's stated financial goals and objectives. (We will use our approach that includes "visualize and plan", "implement, monitor, and adjust", and "live". Each Financial Planning and Counseling Services client participates in this approach.

We assist clients in establishing financial goals (primarily retirement timing and income requirements), and develop plans with the objective of accomplishing these goals. At this time, we will generally address employee benefits (offered through the client's employer), estate planning, tax planning, debt management, college savings, insurance and other related topics.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on the information disclosed by the client to Adirondack. Clients are advised that certain assumptions are made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. Adirondack cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the clients are strongly urged to promptly notify the Firm.

For our financial planning and counseling services, clients are free at all times to accept or reject any or all of our recommendations and clients retain the authority and discretion on whether to implement Adirondack's recommendations. If the client decides to follow the recommendations, the client has the option, but is under no obligation, to request that Adirondack implement such recommendations through the Firm's Investment Management Services.

While we may provide recommendations regarding non-investment related matters, such as estate planning, tax planning and insurance we do not serve as a law firm, accounting firm, or insurance agency, and no portion of our services should be construed as legal, accounting, or insurance advice. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products.

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, banks, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation.

We are not compensated separately for Financial Planning and Counseling related services.

### **Investment Management Services**

We provide discretionary asset management and investment advisory services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and the commission rates to be paid without obtaining your prior consent or approval. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing us with your restrictions and guidelines in writing.

In limited circumstances, we may offer non-discretionary portfolio management services. If you enter into a non-discretionary arrangement with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

We provide continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established (via our financial planning and counseling services), we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on this policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

### **Retirement Plan Consulting Services**

We offer retirement plan consulting services to employee benefit plans, their fiduciaries, and plan participants based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review, formulation of the investment policy statement, asset allocation advice, investment management services (fund selection and monitoring), investment performance monitoring, on-going consulting and participant communication and education services.

We may also provide model portfolios designed and managed by Adirondack. These portfolios consist of investment vehicles that are otherwise available to individual participants. The models represent different allocation strategies and Adirondack will monitor, manage, and rebalance based upon the goals of each model and not according to the individual needs of any participant.

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Advisory Consulting Services**

We offer consulting services on securities and non-securities related investments that primarily involve advising on specific financial-related topics. The areas we advise on may include the formation of an investment policy statement, portfolio review, pension plan review, third-party manager due diligence and financial decision making/negotiation, among others. The process typically begins with a complimentary introduction meeting during which the various services we provide are explained. We will collect pertinent information about your investment objectives and the specific financial area(s) to be addressed. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once we understand your concerns and have agreed on the services our firm will provide, we will offer our guidance and advice on the recommended course of action.

Depending on the nature of the advice at issue, we may or may not deliver a written plan to you when we offer advisory consulting services. In all cases, we require you to acknowledge the limited scope of the engagement in writing. We also require you to hold us harmless from any liability arising out of areas of your finances which were not reviewed by our firm, or otherwise included, as part of the consulting engagement.

### **Selection of Other Advisers**

We may recommend that you use the services of a third party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Accuracy of Client Information**

In providing the contracted services, we are not required to verify information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm if your financial situation, goals, objectives, or needs change for the purpose of reviewing, evaluating, and/or revising our previous recommendations and/or services.

### **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds ("ETFs"), and individual securities (stocks/bonds). We may also provide advice on warrants, commercial paper, certificates of deposit, municipal securities, variable products (life insurance and annuities). Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Assets Under Management**

As of December 31, 2021, we provide continuous management services for \$265,719,615 in client assets managed on a discretionary basis. We also manage \$14,623,252 in client assets on a non-continuous basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following tiered fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$1 Million	1.00%
Next \$2 Million	0.75%
Over \$3 Million	0.50%

Our portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. For the initial quarter of investment management services, the first quarter's fees will be calculated on a pro rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and



other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will do so only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian. We do not have access to your funds for our fees without your consent in writing;
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated;
- We will send an invoice to the qualified custodian indicating only the amount of the fee to be paid by the qualified custodian;
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

Either party may terminate the portfolio management agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Retirement Plan Consulting Services**

Our fee for pension consulting services is based upon assets under management and on the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
Up to \$ 1 million	0.50%
Next \$9 million	0.25%
Over \$10 million	0.10%

Our fee is billed and payable quarterly in advance based on the market value of the plan assets under our advisement on the last day of the previous quarter. In our discretion, retirement plan consulting fees may be negotiable.

Either party may terminate the retirement plan consulting agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Advisory Consulting Services**

We charge either a fixed fee or an hourly fee for advisory consulting services. Our hourly fee is \$250. This fee is billed to you and payable as it is incurred, based on the services we are providing. We also offer fixed fees for these services, based on our hourly rate and the projected hours the services will require.

The type and amount of fees charged will be negotiated on a case-by-case basis, and are based on the complexity of your financial situation and the scope of services to be provided. An estimate of the total cost will be determined at the start of the advisory relationship. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee. In all cases, the agreed upon fee and fee paying arrangement will be clearly set forth in the executed agreement.

Either party may terminate the consulting agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement. Upon termination of the engagement, all fees are promptly due and payable. Refunds are not applicable as fees are payable in arrears.

### **Additional Fees and Expenses**

Our advisory fees, as described above, are exclusive of, and in addition to, other fees that you may incur, including, but not limited to, the following types of fees: custody and transaction, legal, accounting, and mutual funds' internal investment expenses.

The custodian holding your funds and securities may, on occasion and solely at their discretion, charge fees to you for other services you request in addition to the compensation they receive for custodial services (such as wire transfers or bill pay fees) provided to you. Also, it is the current practice of certain custodians to charge a "flat" transaction fee to the client on trades executed at other brokers. We do not share in any portion of these additional fees. Refer to the *Brokerage Practices* section below for additional disclosures on this topic.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and 401(k) plans, trusts, estates, charitable organizations, corporations and other business entities.

In general, we require a minimum of \$250,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Management**

Adirondack Capital invests client's assets in accordance with each client's individual needs. Prior to initially investing, clients are provided with a suggested portfolio that is representative of the portfolio that will be utilized for each client.

Adirondack's long term investment strategy is the cornerstone of our investment advisory recommendations.

Nonetheless, our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine recommendations and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your investment portfolio.

The specific selection of investments is based on internal analysis. We utilize fundamental analysis of with a focus on asset allocation and diversification.

Adirondack Capital will use a combination of managed mutual funds and index-based exchange traded funds (ETFs) as the most commonly recommended types of securities for accounts where we serve as the discretionary investment manager. . As with any equity and fixed income security, investment return and principal value of an investment will fluctuate so that a client's shares, when sold or redeemed, may be worth more or less than the original cost.

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Tax Disclosures**

Our strategies and investments may have unique and significant tax implications. We generally take tax efficiency into consideration in the management of your assets. Nonetheless, regardless of your account size or any other factors, we recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section above, we primarily offer advice on mutual funds, exchange traded funds, and individual securities (stocks/bonds). Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. Nonetheless, you should be advised of the following risks when investing in these types of securities:

There are numerous ways to measure the risk of equity securities (also known as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health

of the economy. In general, larger, well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds.

## **Item 9 Disciplinary Information**

Adirondack Capital Advisors, LLC has been registered and providing investment advisory services since 2005. Neither our firm nor any of our Associated Persons has any disciplinary information.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Arrangements with Affiliated Entities**

We are affiliated with Coastal Capital Management LLC a registered investment adviser through common control and ownership. We have the ability to recommend that you use the services of our affiliate if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliate for their services.

Referral arrangements with an affiliated entity present a conflict of interest for us because we will have a direct or indirect financial incentive to recommend an affiliated firm's services. Overall operations of our Firm are separate and independent of Coastal Capital Management LLC. There will be no recommendations to use the services of our affiliate to our clients. Consequently, we believe we have mitigated the conflict of interest.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will receive compensation from the TPMM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any

TPMM we recommend. We do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Description of Our Code of Ethics**

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell for their personal accounts the same securities that we recommend to you or securities in which you are already invested ("Recommended Securities"). A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor any of our Associated Persons shall have priority over your account in the purchase or sale of securities. We have also adopted a written Code of Ethics designed to prevent and detect personal trading activities that may interfere or be in conflict with client interests, as discussed above in this section.

Notwithstanding the above, our Associated Persons may purchase or sell publicly traded mutual funds for their own accounts which are included within the Recommended Securities. Since purchases or sales of such investments do not affect their market values, clients are not advised of these transactions. Our Associated Persons may also purchase or sell ETFs for their own accounts which are included within the Recommended Securities. We have determined that our Associated Persons' ETF transactions are of insignificant size in relationship to the total value of the ETF, and therefore these transactions do not affect the value of your ETF holdings. The personal securities trading disclosure requirements of our Code of Ethics are not applicable to: (i) direct obligations of the government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.



## Item 12 Brokerage Practices

### Recommendation of Broker-Dealers

We recommend that securities be purchased through the facilities of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers, services that include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. In addition to the benefits disclosed below, we may receive benefits such as assistance with conferences and educational meetings from product sponsors.

In selecting a broker dealer we endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and trading costs than those that may be available elsewhere.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our Associated Persons through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

**Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. Not all advisers require their clients to direct brokerage. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

**Block Trades**

With limited exception, we will generally combine multiple orders for shares of the same securities purchased for discretionary client accounts (commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the accounts participating in the block trade, but is not based on account performance or the amount or structure of our management fees. However, the following factors may justify an allocation that deviates from this general rule:

- specific allocations may be chosen based upon an account's existing positions in securities;
- specific allocations may be chosen because of the cash availability of one or more particular accounts;
- specific allocations may be chosen based on a partial fill of a block trade;
- specific allocations may be chosen for tax reasons.



When we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given inferior or preferential treatment. Our firm receives no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

As described above, we generally combine multiple orders for shares of the same securities purchased for discretionary client accounts; however, we generally do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into a non-discretionary account management arrangement with us, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

### **Item 13 Review of Accounts**

Patrick J. Dooley, President/CEO/Chief Compliance Officer/Chief Executive Officer and Christopher W. Berg, Managing Director will monitor your accounts as part of an on-going process while regular account reviews are conducted at least annually to ensure the advisory services provided to you and your portfolio mix are consistent with your stated investment needs and objectives. You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, significant contributions and withdrawals to the account, changes in economic conditions, security specific events, and/or, changes in your risk/return objectives.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from your account custodian.

### **Item 14 Client Referrals and Other Compensation**

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade.

We may compensate non-employee (outside) consultants, individuals, and/or entities ("Solicitors") for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services.

Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements.

Applicable state laws may require that Solicitors either become licensed as investment adviser representatives of our firm or as independent investment advisers. We will request that you acknowledge this arrangement prior to our acceptance of your account for advisory services.

## **Item 15 Custody**

We do not take custody of your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. We may have the authority to deduct our advisory fees from your account at the qualified custodian, but only where you have previously consented to such direct deduction of advisory fees in writing.

As paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees. This authority to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should compare the invoices and reports you receive from our firm with the statements your account custodian provides to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

Without exception, we will not vote proxies on behalf of your advisory accounts.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of our privacy policy notice to you on an annual basis. Contact us at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In limited circumstances, we may make an error in submitting a trade on your behalf. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a loss, we will reimburse you or otherwise ensure that your account is made whole. Where the trading error results in a gain, you have the option of retaining the gain or refusing the gain if, for example, the gain creates an unfavorable tax situation.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.